



HARVARD Kennedy School

MOSSAVAR-RAHMANI CENTER for Business and Government **30** YEARS

October 2013

HEPG CELEBRATES 20 YEARS

The Harvard Electricity Policy Group celebrated its 20th anniversary at its 107th meeting on September 26 and 27 at HKS. When HEPG was founded in 1993, no one was able to fully envision the scope of what would unfold as the continent's most capital intensive industry transitioned from monopoly to competition. An entire array of public policies and institutions has emerged that had scarcely been contemplated before. They include, but certainly are not limited to, independent system operators, locational marginal cost pricing, unbundling vertically-integrated electric utilities, market-based pricing, creation of market monitors, open retail access, dynamic pricing, and demand response bidding. Many of these policies and institutions were incubated at and/or influenced by HEPG deliberations. At the September meeting, the group discussed the implementation of successful market design, challenges still facing regional transmission organizations, and environmental concerns facing the industry. In attendance were past and sitting FERC commissioners, original and current HEPG members, state commissioners from Texas, Massachusetts, Minnesota, New York, Illinois, Oklahoma, New Jersey, Ohio, and Arizona, regulators from the U.K. and Brazil, independent system operators, environmentalists, economists, attorneys, and former Congressman Phil Sharp, who oversaw the establishment of the 1992 Energy Policy Act. The meeting presentations and rapporteurs' reports for all HEPG sessions can be found on the website: www.hks.harvard.edu/hepg.

M-RCBG FELLOWS SETTLE IN

M-RCBG senior fellows met for the first time this month to discuss research projects and plan for the year ahead. Among their many activities, senior fellows are leading study groups on leadership, entrepreneurship and reframing government.



Standing, from left to right: M-RCBG Executive Director Scott Leland, M-RCBG Associate Director Jennifer Nash, Professor Richard Cavanagh, M-RCBG Co-Director John Haigh, Professor Richard Zeckhauser, Professor Robert Lawrence, and Senior Fellow James Segel. Seated, from left to right: M-RCBG Senior Fellow Howard Wolk, Senior Fellow Eoin Gahan, research fellow Devjani Roy, and M-RCBG Senior Fellows Vikram Mansharamani and Doug Shulman.

CREATING PUBLIC VALUE BY
ENGAGING BUSINESS AND
GOVERNMENT

Floors 3-5, Belfer Building

Seminars & Events

M-RCBG has over 50 seminars and events scheduled for the fall semester. Visit www.mrcbg.org for a complete listing.

Tax Abuses, Poverty and Human Rights; Stephen B. Cohen, Georgetown; Thomas Pogge, Yale; Lloyd Lipsett, LKL International Consulting. Bell, Oct. 9, 11:45-1.



Fiscal Consolidation and Public Sector Reform; Bill English, New Zealand Deputy Prime Minister. ADR, Oct. 9, 1:30-2:30.

Design, Health, and Finance in a Pop-Up Megacity; John Macomber, HBS. Bell, Oct. 10, 11:45-1.



Who Stole the American Dream?; Hedrick Smith, Fainsod, Oct. 11, 12-1.



Ignazio Visco, Bank of Italy. Bell, Oct. 16, 11:45-1.



Carbon Markets, Linking, and Future Climate Change Mitigation; Billy Pizer, Duke. Bell, Oct. 17, 11:45-1.



The Energy Outlook; Adam Sieminski, U.S. Energy Information Administration. Bell, Oct. 21, 12-1:30.



Search Groups:
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FACULTY AND PROGRAM UPDATES

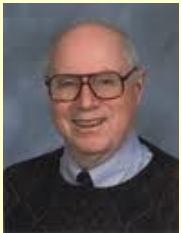
Hogan publishes in Economics of Energy & Environmental Policy



William Hogan, Raymond Plank Professor of Global Energy Policy and HEPG Research Director has recently published an article titled "Electricity Scarcity Pricing Through Operating Reserves", which appeared in the September 2013 issue of *Economics of Energy & Environmental Policy*. In it, Prof. Hogan

describes a means to more accurately price electricity during times of relative scarcity and to thus incentivize energy investment. The Electric Reliability Council of Texas, which manages 75% of the state's electricity grid, is in the early stages of implementing such a Hogan-designed process.

Scherer publishes on third world pharma access



Differential pricing among pharmaceutical product patent holders and generic competition has made AIDS treatments much more affordable for citizens in developing countries. That is one conclusion in a new Harvard Kennedy School Faculty Working Paper authored by

F.M. Scherer, professor of public policy and Corporate Management in the Aetna Chair, Emeritus. "Patents, Monopoly, Power, and the Pricing of Pharmaceuticals in Low-Income Nations" examines how these changes came about, and why differential pricing, under the right conditions, can enhance producers' profits and benefit low-income consumers. For additional information, visit <https://research.hks.harvard.edu/publications>.

Bilmes delivers plenary address to the American Political Science Association



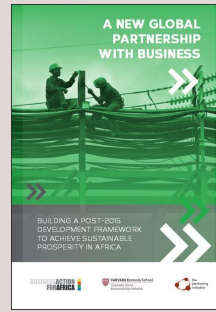
Linda Bilmes, Daniel Patrick Moynihan Senior Lecturer in Public Policy, delivered the plenary address at the American Political Science Association's recent meeting in Chicago. Based on her most recent paper, the address was titled, "Tenth Anniversary of the U.S. War in Iraq: Power, Persuasion and Lessons of the War." Bilmes also recently testified

before a joint Congressional committee on the need for a national veterans strategy.

HCPA releases four new discussion papers

From organizational ecology to Durban Platform climate negotiations to the relationship between weather, climate change and Congressional voting, the Harvard Project on Climate Agreements (HCPA) has released four new discussion papers. Learn more on their website by visiting www.mrcbg.org and clicking on Programs.

REPORT SPOTLIGHT: CSRI



The Corporate Social Responsibility Initiative (CSRI) launched a new report on September 19, 2013 at the US Global Compact meetings in New York City. The report is titled "A New Global Partnership with Business: Building a Post-2015 Development Framework to Achieve Sustainable Prosperity in Africa" and draws on

insights from a wide range of business partnership case studies across sub-Saharan Africa to set out recommendations on how best to unlock the full potential of business for a new era of development progress.

Since 2000 and the launch of the Millennium Development Goals (MDGs), many of Sub-Saharan Africa's citizens have experienced growing stability and security alongside an increasingly widespread economic transformation that has lifted millions out of poverty. Strengthening national economies and improved governance in many countries are creating firmer foundations for sustained economic growth and poverty alleviation. Growth across the continent averaged 5.3% from 2005 to 2012, peaking at 6.6% in 2012.

Despite the encouraging economic context and progress across a number of MDG indicators, overall progress on human development remains disappointingly slow and the region is struggling to translate economic growth into jobs, especially for its fast growing young population. Aid budgets are also under mounting pressure as a result of budget constraints posed by the global economic recession.

According to report authors, which included **Jane Nelson**, CSRI director, "there is growing recognition of the need to better understand existing partnership models and their key success factors and challenges in order to scale up their number and impact. This report aims to contribute to that process. As the Post-2015 agenda enters the inter-governmental process, the key question we set out to answer in the report is how best to harness business-led development partnerships in the delivery of a new development vision and framework. Drawing from a variety of Africa-focused partnership case studies led by companies that our organizations work with, the report aims to highlight the structures and processes that drive effective cross-sector collaboration, which should be further promoted and solidified as part of a Post-2015 framework. We hope the report will provide businesses, governments and development partners with knowledge and insights not only to inform policy deliberations but also, vitally, to drive the action necessary to unleash the power of business as a partner of development." To read the full report, visit www.hks.harvard.edu/m-rcbg/CSRI/.

STUDENT INTERNSHIP UPDATES

J-PAL: Kevin Rowe, MPP '14

Kevin Rowe spent the summer in the Abdul Latif Jameel Poverty Action Lab (J-PAL) South Asia office in Ahmedabad, India. He writes:

With support from MRCBG, this past summer I had an opportunity to work on an innovative policy research project in Gujarat that aims to improve the state's environmental health without compromising its economic development prospects. I interned at the Abdul Latif Jameel Poverty Action Lab (J-PAL) South Asia office in Ahmedabad, working with HKS Professor Rohini Pande on an effort to implement and evaluate market-based instruments to reduce industrial pollution.

J-PAL has partnered with the Gujarat Pollution Control Board (GPCB), a state government agency, to pilot a water quality trading (WQT) scheme to reduce levels of chemical oxygen demand, a combined measure of pollutants that deplete dissolved oxygen, in industrial effluent. This summer I worked with a small team in collaboration with GPCB on the early stages of designing the pilot policy. In addition to meeting with stakeholders from the government, regulated facilities, and local environmental consultancies, I conducted a review of the experiences with WQT trading to date from the several dozen systems currently operating in the US, Canada, Australia, and New Zealand and worked on modeling the pollution control costs of local firms.



Kevin Rowe (MPP '14) visits a wastewater treatment facility as part of a research internship with the Abdul Jameel Latif Poverty Action Lab (J-PAL) on water quality policy in Gujarat, India.

M-RCBG SEMINARS NOW AVAILABLE AS PODCASTS ON iTUNES AND SOUNDCLOUD. VISIT WWW.MRCBG.ORG FOR ADDITIONAL INFORMATION.

UUSC and Bhutan: Chloe Christman, MPP '14

Chloe Christman interned at the Unitarian Universalist Service Committee and the Government of Bhutan, with support from M-RCBG. She writes:

My first project was working with the Unitarian Universalist Service Committee (UUSC) to design an impact assessment on the human right to water for a major corporation. I developed a process, rooted in human rights standards, for how the company should consult communities during the assessment. The UUSC invited me to continue working on the project as my Policy Analysis Exercise this coming year. I look forward to our next steps: finalizing and conducting a pilot assessment. My second project was helping the South Africa-based Legal Resources Centre (LRC) jumpstart their continent-wide programming on extractive industries. One of my tasks was to conduct a survey of NGOs around Africa working on extractives and human rights. The LRC will present information collected from survey, including where organizations operate and the specific violations they encounter, to the African Commission this fall. I'm coming away from my time in South Africa concerned at what the imbalance of power between corporations and civil society organizations, coupled with weak mining regulations, means for the future of the continent.

In July, I jumped at an unexpected opportunity to develop and present recommendations to the Government of Bhutan on incorporating the United Nations Guiding Principles on Business and Human Rights into their draft mineral development policy. Bhutan's mining sector is still relatively small. As it expands, the government will face a difficult balancing act: gaining economic benefits from its natural resources while preserving the environment and respecting the rights of local communities. They have a chance to get ahead of the curve and avoid much of what I saw happening in the sector throughout Africa. I hope they take steps to strengthen human rights protections in their policy.



Taking a break from her projects, Chloe Christman (MPP '14) visits a colony of African Penguins on Boulders Beach near Cape Town.

STUDENT INTERNSHIPS, CONT.

White House: Honor McGee, MPP '14



Honor McGee spent the summer interning in the White House Presidential Personnel Office with support from M-RCBG. She writes:

This summer I was an intern at the White House in the Presi-

dential Personnel Office. The office manages the process of filling Presidential appointments to the Administration. I worked with the National Security team, whose portfolio includes the Departments of State, Defense, Homeland Security, Veterans Affairs, USAID, the United States Mission to the United Nations, the Millennium Challenge Corporation, Peace Corps, the Office of National Drug Control and Policy, the Selective Service, the Intelligence Agencies, as well as various Boards and Commissions.

From outside the White House, I had never envisioned the amount of work and artistry it takes to fill the ranks of Presidential appointments – from the Secretary of an agency down to staff assistants. After this summer, I have a full appreciation for how critical it is to identify a diverse and qualified group of people to serve the President across the board because their work at the agencies is critical for his vision for the country being realized.

One of the highlights this summer was attending the event where the President announced Ambassador Susan Rice as his National Security Advisor and nominated Samantha Power as the U.S. Ambassador to the United Nations. It was one of those rare moments where you feel the incredible privilege to observe an historical moment in real time – your senses are heightened and you are keenly aware of all the moments that had to come together for you to be present.

My team trusted me to conduct the research to evaluate candidates, and the responsibility I felt for my work product and our entire portfolio energized me throughout the term. My time at the White House, meeting other interns and practitioners both senior and junior, has given me further examples and demonstrated that there are countless ways to approach your career and to serve a cause larger than yourself, in this case, the President and the American people.

My last rotation was at the Ministry of Development, which is more of a State Planning agency rather than a poverty alleviating agency. Our days consisted of meetings and presentations with the different departments and their duties, as well as their long term strategies for their areas, such as a 10-year plan on Information Technology social transformation, or their short and medium term Rural Development plan.

HPCA HOSTS CHRISTIANA FIGUERES



Christiana Figueres, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), visited the Harvard Kennedy School on September 27, 2013. The Harvard Project on Climate Agreements hosted Figueres, who met with Kennedy School students, Harvard College undergraduates, and faculty. She also held an open meeting attended by approximately 120 students from Boston-area universities. Her public address, entitled “The Good News on Climate Change,” explored the potential of technological innovation to reduce the greenhouse-gas emissions that cause climate change. Professor Robert Stavins and his team have participated in five annual Conferences of the Parties (COPs) of the UNFCCC, leading panel presentations and meeting with numerous national negotiating delegations to present the research of the Harvard Project on options for a new international agreement to alleviate climate change. The Harvard Project will co-host another such panel at the Nineteenth COP in Warsaw, Poland, in November 2013.



The 2013-14 M-RCBG scholarship recipients with Prof. Richard Zeckhauser (far left) and M-RCBG Co-Director John Haigh (far right). They include (from left): Andre de Haes (MPA '15), Siri Uotila (MPP '15), and 2012-2013 recipient Will Sentence (MPP '14).